



**SCOTTSDALE AIRPORT ADVISORY COMMISSION
PUBLIC MEETING
Scottsdale Airport Terminal Lobby
15000 N. Airport Drive, Scottsdale, AZ**

April 13, 2011

MINUTES

PRESENT: John Washington, Vice-Chairman
Ken Casey
Michael Goode
William Schuckert
Lois Yates

ABSENT: Gunnar Buzzard, Chairman
William Bergdoll

STAFF: Gary P. Mascaro, Aviation Director
Shannon Johnson, Management Analyst
Kate O'Malley, Planning & Outreach Coordinator
Chris Read, Airport Operations Manager

OTHERS: Pauline Hecker, Risk Management Director

CALL TO ORDER

Vice-Chairman Washington called the meeting to order at 6:00 p.m.

ROLL CALL

A formal roll call confirmed the presence of Commissioners as noted above. Commissioner Goode noted that Chairman Buzzard is serving in Afghanistan.

AVIATION DIRECTOR'S REPORT

Mr. Gary Mascaro, Aviation Director said he has been in touch with Chairman Buzzard via email. He is safe and extremely busy.

He introduced Ms. Kate O'Malley, the new Planning and Outreach Coordinator. The Airport is now fully staffed. She is currently working on an Airport video with the Public Information Office.

The documents for the regulatory rewrite process have been completed and will be posted online this week for review with all the suggested changes and comments. Next steps will be another meeting in about a month. He anticipates that after that meeting most of the items will be fleshed out and staff will be able to bring everything to the Commission for review and possible action.

Commissioner Casey inquired whether everyone who has participated thus far in the regulatory rewrite process will be advised when the documents are posted on the website. Mr. Mascaro said that they will, and staff will also email everyone who has signed up for updates. They will not be mailing any hard copies however.

Commissioner Goode asked about the Air Show. Mr. Mascaro said PSM² has been selected to organize the Air Fair this fall.

APPROVAL OF MINUTES

1. Approval of Minutes

Regular Meeting: March 9, 2011

Commissioner Casey made a motion to approve the regular meeting minutes of the March 9, 2011 meeting. Commissioner Goode seconded the motion, which carried by a vote of five (5) to zero (0). Chairman Buzzard and Commissioner Bergdoll were absent.

PUBLIC COMMENT

None noted.

REGULAR AGENDA

1. Discussion and Input Regarding Risk Management Insurance Update

Risk Management Director Ms. Pauline Hecker told the Commission that the City currently purchases \$100 million liability insurance coverage for the Airport. The cost of the premium including the broker's 15 percent commission was \$35,190 for the current fiscal year. That represented a reduction of 15 percent from the policy for the previous year, and a reduction of 29 percent from FY 2008/09. However, she cautioned that they will probably face a flat renewal rate for FY 2011/12 in July. The broker, ACE USA, has

been the incumbent carrier at the City for the past several years. They are an excellent carrier and she does not see a need to change unless another insurer makes a really good offer.

Commissioner Casey asked whether the broker has to submit an RFP. Ms. Hecker said that under the City's procurement code, she is authorized to procure insurance through a broker. She is currently using Willis of Arizona. She will issue an RFP for the insurance broker this fall as they are currently in the fifth year of their contract.

Vice-Chairman Washington inquired why the Airport received the premium reductions. Ms. Hecker replied that the market has been very favorable for the last few years. However, insurance companies feel that the market is starting to recover. For example, Worker's Compensation premiums are expected to rise by nearly 30 percent. In response to a follow-up question from Vice-Chairman Washington, Ms. Hecker said there is nothing at this time that the Commission can do to help keep the premiums low.

2. Discussion and Input Regarding a Potential Economic Impact Study for the Airport and Airpark Area

Vice-Chairman Washington noted that the Commission is awaiting Chairman Buzzard's input when he returns from duty. None of the Commissioners had anything to add to the discussion. This item was tabled.

3. Discussion and Possible Action to Recommend to City Council Adoption of Resolution No. 8646, Authorizing Construction Bid Award No. 11PB033 to the Lowest Responsive Bidder

Airport Operations Manager Mr. Chris Read said there are two phases to the ramp rehabilitation project. Phase 1 is the main Landmark FBO ramp and Phase 2 is by Landmark South. Staff received some favorable bids. The FAA is interested in finding more grant funding so that both phases can be completed. If the FAA sends a tentative allocation letter before May 3, staff will take both phases to City Council for approval.

Mr. Read explained that the FAA would be providing 95 percent of the funding, the State would provide 2.5 percent, and the Aviation Enterprise Fund would be responsible for the remaining 2.5 percent. Phase 1 is scheduled to take approximately 55 days, and Phase 2 will take approximately 30 days. Staff have been in close touch with Landmark Aviation since their operations will be affected. Construction is planned for mid-summer to minimize the effects on the company.

In response to a query from Commissioner Yates, Mr. Read said five or six bids were received. J Banicki Construction is based in Tempe.

Vice-Chairman Washington said he appreciated the flexibility of phasing this project.

Commissioner Schuckert made a motion to recommend that City Council approve Resolution No. 8648 authorizing award of construction bid No. 11PB033 to J Banicki Construction, Inc. for the rehabilitation of Scottsdale Airport Aircraft Parking Area

Phase 1 and Phase 2. Commissioner Casey seconded the motion, which carried by a vote of five (5) to zero (0). Chairman Buzzard and Commissioner Bergdoll were absent.

4. Discussion and Input regarding the Feasibility of Expanding US Customs Service

Management Analyst Ms. Shannon Johnson discussed the feasibility of expanding US Customs Service at Scottsdale Airport. She noted that US Visit will be rolled out as soon as US Customs gives the go-ahead. Currently clientele is limited to arriving US citizens, US permanent residents, most Canadian citizens, and with prior permission, Mexico based flights. US Visit will permit visitors from all over the world to enter the U.S. at Scottsdale Airport. As soon as they receive notice, Airport staff will issue a press release and start a marketing program to reach as many potential users as possible.

Currently Customs service is available at the Airport Thursday through Monday from 9:00 a.m. to 5:00 p.m. Customs arrivals outside of those hours are available for an additional charge of \$225 which covers costs. Ms. Johnson said her research shows that demand for service on Tuesdays and Wednesdays and after hours is minimal at this point. Annually US Customs Service costs the Airport about \$155,000, which includes salaries and benefits, utilities, overtime, training, et cetera. The annual costs can be substantially higher when computer upgrades are needed. Unforeseen expenses also arise such as tenant improvements. This fiscal year the Airport has spent approximately \$12,000 preparing the Customs office for the US Visit program. At this point the Airport is making sufficient revenue to cover the cost of US Customs Service on a break-even basis. There does not appear to be enough demand for service to justify additional personnel in order to expand the service to seven days a week. This would cost about \$60,000 annually. Staff recommend evaluating the volume of requests after US Visit has been up and running for about a year.

Commissioner Goode asked whether demand is lower on Tuesdays and Wednesdays because of the extra charge. Ms. Johnson said she spoke with Officer Kennedy, who told her most people want to arrive on the weekend. He receives very few calls asking about landing on Tuesdays and Wednesdays. He could only recall turning down one request in the last six months. Commissioner Goode noted that the deficit if they were to switch to daily Customs service would be about \$37,000 annually. He asked how much more volume staff anticipates once US Visit is in place. Ms. Johnson said it is very hard to tell at this point. Commissioner Goode inquired whether Sky Harbor will try to send visitors to Scottsdale Airport. Mr. Mascaro said he does not expect US Customs to encourage people to fly into Scottsdale. However they will offer that opportunity to fly directly to Scottsdale if they believe the client wants to come. Commissioner Goode suggested a review six months after US Visit is implemented. Mr. Mascaro said that staff has daily contact with the Customs officer. If he sees an influx of visitors, they have the flexibility to adjust the contract very quickly to bring in an officer to cover every day. Commissioner Goode said he did not want to wait a year to expand service if the demand existed. Mr. Mascaro said US Customs had suggested evaluating the situation after a year. At the moment they are locked into having one agent present for 40 hours a week over five days. The extra cost would be for adding 16 hours of service per week.

Commissioner Casey inquired whether demand is light on Tuesdays and Wednesdays because people think Customs is closed. Mr. Mascaro replied that he had implemented

the Customs service when he was at Scottsdale Airport before. They polled users to choose the best days, and adjusted the hours of operation three times to meet the needs of the greatest number of clients. The Customs officers never refuse service, they just explain the additional cost of \$225. Staff asked Officer Kennedy to talk with visitors and try to get a sense of their needs. He has the sense that visitors are happy with things the way they are. Commissioner Casey said there still could be demand that is not being counted because people assume the Customs office is closed on Tuesdays and Wednesdays. He asked whether they had considered having Customs open seven days a week during the winter and scaling operations back in the summer when things are less busy. Mr. Mascaro said staff looked into that but US Customs was absolutely not interested.

In response to a question from Commissioner Yates, Ms. Johnson said the majority of international visitors are corporate clients. Commissioner Yates said this traffic would be steady throughout the year and not as seasonal as tourism.

Vice-Chairman Washington said publishing in the AFD that Customs service is not available at the Airport on Tuesdays and Wednesdays creates a chicken and egg situation. Mr. Mascaro clarified that they state that Customs is not open, but the service is available at cost.

5. Discussion and Input Regarding the New Scottsdale Airport Logo

Ms. O'Malley showed the new Scottsdale Airport logo, which features a more modern, approachable, and identifiable design with the flexibility for a variety of uses. It was designed by Rick Forcus in the City's Graphic Design Department and selected by the City Manager. She discussed the design features and colors. Next steps will be updating the website with the new logo, and updating signage around the Airport including monumental and directional signs.

Commissioner Schuckert said he had a hard time seeing aviation in the new logo. Mr. Mascaro said staff has looked at different renditions and the City Manager wanted a more modern look. He added that the signs on Scottsdale Road will not be changed because they have to meet transportation standards.

6. Discussion and Input regarding the Airport Advisory Commission liaison program

Commissioner Goode said that LASP, the large aircraft security program, is currently under legal review. Then it will go to OMB, then probably at the end of the summer it will go to NPRM. A comment period of from 90 to 120 days will follow before implementation. He has learned it will be based on throw weight, which is the amount of fuel on board. Some kind of trusted pilot program will be set up. The pilot will be responsible for who is on the plane and what it does. He does not believe the Airport will need to do anything from a security standpoint.

Commissioner Casey said that LASP is a big deal for business aviation. Commissioner Goode said the FAA has listened to the comments made to the original proposal and it appears that the current one will be much more workable.

Commissioner Goode reported that George Bye of Bye Aerospace visited with Mr. Mascaro and himself and gave them a presentation. Mr. Bye said he wants to locate to Scottsdale. Apparently Mr. Bye is a great salesperson. Commissioner Goode has heard that the Greenflight Project is behind and not quite on track. That could be a concern if a lot of concessions are given to get the project to move to Scottsdale. He will try to find out more when in Denver next week.

On the topic of Airport regulations and standards, Commissioner Schuckert asked whether they will be able to identify where comments are coming from. Mr. Mascaro said the comments and the staff's replies will be clearly stated, but the questioners will not be identified. Commissioner Schuckert said he would like to be able to discuss proposed changes with some of those who made the suggestions if possible to understand the basis for the comment. Mr. Mascaro said he knows the basis for many of the comments and has met with several individuals one on one on some of the comments that were unclear. At the next meeting his goal is to have that ability for the Commissioners to ask those questions in the forum. Commissioner Schuckert was concerned that one individual at the last meeting had objections to revisions of the access permits, and said he wants to understand their thinking.

Commissioner Yates reported that the City's master planning process is still underway.

Reporting on community communications and public relations, Vice-Chairman Washington said they are waiting for FAA approval of the Park'n'Ride.

Mr. Mascaro reported that the eagle statue should be erected within the next 30 to 60 days. The plans are in the approval process. The City has agreed to maintain the small area around the statue. The adjacent park is stalled, as Vice-Chairman Washington reported, however this is not because of an FAA issue. The Airport and Community Services staff are waiting to see a schematic of what the park will look like, and they need a written commitment of funding to complete that park. The planned Park'n'Ride is on Airport property that is currently unused. The City Transportation Department has asked Aviation to use that property. They expect to receive FAA approval shortly to complete the design concept for the Park'n'Ride. This will be advantageous to the Airport as Federal regulations require that non aeronautical uses pay market value for the property. Accordingly he has negotiated a deal with the Transportation Department based on an appraisal, to pay the Airport \$2 million. This would go into the Airport Enterprise Fund. Because the City received ARRA funding two years ago for this project it needs to be completed quickly. He believes everything is in order.

Vice-Chairman Washington said that the Development Review Board and/or the Planning Commission and some City Planning staff have said that the landscaping palette of the Park'n'Ride, the park, and the statue, need to be coordinated. The private fundraisers who are trying to place the eagle statue are waiting on the outcome of this discussion before continuing to fundraise.

Mr. Mascaro said Chairman Buzzard is interested in being the liaison for the Air Fair. This would be significantly beneficial, given his military contacts. Everyone concurred that this was a good idea, and Vice-Chairman Washington appointed Chairman Buzzard as liaison for the Air Fair.

7. Discussion and Input regarding Quarterly Noise Complaint Summary Report

Ms. O'Malley presented the noise complaint report for the first quarter of 2011. She noted that one complainant made 278 complaints, the majority of which pertained to noise from news helicopters. She has spoken with this gentleman recently and advised him that two of the news helicopters have left Scottsdale Airport.

Commissioner Casey complimented Ms. O'Malley on the new and informative layout of the report. He asked who decides that night time hours are between 10:00 p.m. and 6:00 p.m., commenting that 10:00 seems late. Mr. Mascaro said the voluntary curfew is at 10:00 p.m.

In response to a follow-up query from Commissioner Casey, Ms. O'Malley said all complaints are logged in the database. If the complainant requests a call back, staff calls them back.

Mr. Read elaborated that the Fox 10 news helicopter left the Airport. The other helicopter, News 20, belonged to a conglomerate of different TV stations.

Commissioner Schuckert asked how complainants typically deliver their complaints. Ms. O'Malley said a lot come in online.

Vice-Chairman Washington suggested that it would be helpful to the audience in future to display the noise reports. Commissioner Casey said an overhead transparency would be helpful to the audience.

8. Discussion and Input Regarding Monthly Operations Reports for March 2011

Mr. Read presented the monthly operations report for March 2011 and provided an update on the construction project.

Commissioner Casey asked him why based aircraft have decreased but operations and activity are increasing. Mr. Read said training flights from other airports can ramp up operations.

Vice-Chairman Washington commented that the incident when a drunk driver knocked out electric power to the Airport was an important vulnerability, even though the backup generators immediately kicked in. He asked whether the Airport Advisory Commission can do anything from a policy perspective to provide additional protection for the transformer. Mr. Read said this is the first time anything like this has happened. He undertook to speak with the Transportation Department to see if they would recommend reflectors on the curb.

9. Discussion and Input Regarding Monthly Financial Reports for February 2011.

Ms. Johnson reviewed the budget and financial reports.

Commissioner Casey inquired whether avgas and Jet A were combined in the figures for fuel flowage in the Airpark. Ms. Johnson said it is all Jet A in the Airpark.

Commissioner Yates said Ms. Johnson is doing a really wonderful job.

10. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations, or Revocations

Ms. Johnson reported on the changes during the past month.

11. Discussion and Input Regarding Status of Aviation Items to City Council

Mr. Mascaro reported that the Airport Construction Bid Award is scheduled to go to City Council on May 17 on the consent agenda, if they receive the tentative allocation notice from the FAA. If this is received, staff will advise the Commissioners.

The Children's Learning Adventure has requested approval of a site plan for a new child care facility. The Cocopah Middle School has also requested approval of a site plan for the school. The General Plan update is still to be announced.

Mr. Mascaro reminded them that staff only bring items before the Airport Advisory Commission is when there is a conflict in the Part 150 study. He said that the downtown planning staff have been conscientious in abiding by the Airport's requirements based on the adopted Part 150 study. Height, disclosure notices, and if necessary, aviation easements are taken into consideration.

Vice-Chairman Washington said that the developer of Pinnacle in the Perimeter Center is looking to amend development standards inside the Loop 101 at Princess Drive to build a complex up to 65 feet. Although this project does not have to come to the Airport Advisory Commission for approval he noted that it will have to be approved by the FAA. Mr. Mascaro said the Planning Department was very proactive with the developer, recommending that they run preliminary numbers through the FAA website, although the developer chose not to do so at this point. The developer will be required to meet FAA standards prior to final plan approval. Vice-Chairman Washington opined that even though this development is outside of the Airport's influence area, it should at least come to the Commission for review. Mr. Mascaro said it would not come before the Airport Advisory Commission because it is not a change of use, just a height issue. He said that Ms. O'Malley checks these types of cases all the time. Staff does not consider height an issue because they see them all the time and the FAA is very strict about height restrictions.

12. Discussion and possible Action to Modify the Airport Advisory Commission Meeting Schedule and Commission Item Calendar

Commissioner Goode noted that Commissioner Yates' term will expire this September. Mr. Mascaro said Commissioner Bergdoll and Chairman Buzzard's terms are both expiring in June. Commissioner Yates has served for a total of six years.

COMMISSION SUMMARY OF CURRENT EVENTS

None noted.

FUTURE AGENDA ITEMS

Commissioner Casey requested to add a status update regarding the restaurant.

Commissioner Casey moved that a report on the status of the Airport restaurant be added to the agenda as a regular item. Commissioner Goode seconded the motion, which carried by a vote of five (5) to zero (0). Chairman Buzzard and Commissioner Bergdoll were absent.

Commissioner Yates complimented Mr. Mascaro on his work on the Park'n'Ride. She noted that past attempts to find someone to use that land had been unsuccessful so obtaining \$2 million for it is great.

Vice-Chairman Washington said that the possibility of holding the meeting at an earlier time has been raised and he feels this is a good idea. Mr. Mascaro said the Commission can discuss this at this point, but since it would be an action to modify the meeting schedule he would recommend making a decision next month.

Commissioner Yates pointed out that these are public meetings; if held too early in the day people may not be able to attend.

Mr. Mascaro reminded the public that all information packets are available online and that people can sign up for the email subscription manager to get notification when these are posted.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:18 p.m.

Respectfully submitted,

A/V Tronics, Inc. DBA AVTranz